IN THE HIGH COURT OF JUDICATURE, ANDHRA PRADESH
AT HYDERABAD

THE HON'BLE MR JUSTICE GODA RAGHURAM

WRIT PETITION NO : 17212 of 2006

DATED: 20.9.2006

Between:

C.V. Chary petitioner

And

The Chairman,
A.p.State Financial Corporation
Chiragali lane, Abids, Hyderabad and others Respondents

THE HON'BLE SRI JUSTICE GODA RAGHURAM

WRIT PETITION NO. 17212 OF 2006

ORAL ORDER:

The writ petition is misconceived. The petitioner has admittedly offered collateral security of his property, a house bearing No. 3-9-61, Sharadnagar colony, Ramanthapur, Hyderabad towards a working capital term loan advanced by the A.P. State Financial Corporation to one

Dr. K.Ramya in an amount of Rs.25,00,000/- (rupees twenty five lakhs only) in 2003. Admittedly, Dr.Ramya defaulted on the repayment of the loan. As a consequence the corporation, in exercise of the available power under section 29 of the State Financial Corporation Act, 1951 initiated proceedings for sale of the collateral security. By the impugned notice dated 26.4.2006, the corporation called upon the petitioner to handover vacant possession so as to facilitate handing over of possession of the property to the prospective purchaser, on conclusion of the auction.

The notice merely states that in case the petitioner fails to hand over possession, necessary legal steps would be taken at the petitioner's responsibility and costs. The petitioner states that respondents 3 and 4 also offered collateral security for the loan granted to Dr.Ramya, but the corporation is only proceeding against the petitioner and is not against respondents 3 and 4. The petitioner also states that the principal borrower Dr.Ramya has herself some properties and the corporation is not proceeding against the properties

of the principal borrower.

The law is well settled that the corporation is at liberty to proceed against the property given in collateral security without proceeding against the principal borrower. There is no legal basis for the grievance of the petitioner urged.

There are no merits, writ petition is dismissed at the stage of admission. No costs.

_____

GODA RAGHURAM,J

DATE: 20.9.2006

TVK

22

THE HON'BLE MR JUSTICE GODA RAGHURAM

WRIT PETITION NO : 17212 of 2006

DATED: 20.9.2006